India. However, EXIM Bank loans already approved will not be affected. In addition, US opposition of extension of any loan by any multilatral financial institution could affect World Bank loans for FY 1998/99 if Japan and the EU joinUS. The complete extent of the effect is currently unclear, however, partly because the precise nature of the sanctions and suspensions is not clear.

The general approach of the government in countering the effect of sanctions is to try to get a better understanding of our position on the part of other countries and also to encourage private capital flows to substitute for whatever reduction taken place in official flows. To this end the government is pursuing its stated policies of encouraging inflows of foreign direct investment of NRI flows and ensuring that our economic situation is strong and such as to create confidence in financial markets.

(e) Does not arise.

Construction of new international airports

*397. MISS FRIDA TOPNO: Will the Minister of CIVIL AVIATION be pleased to state:

(a) whether Government have decided to construct new international airports in the country to attract foreign tourists;

(b) if so, the details thereof;

(c) whether Government have considered the possibility of construction of an international airport in the State of Orissa which has lot of tourist spots; and

(d) if so, the details thereof?

THE MINISTER OF CIVIL AVIATION (SHRI ANANTH KUMAR): (a) to (b) Proposals for development of new airports of international standards at Bangalore, Goa and Mumbai are under consideration at present. In addition, a new airport of international standards has been developed by the Government of Kerala as lead promoter at Cochin. Guwahati, Hyderabad, Ahmedabad and Amritsar will be developed in phases, to reach international standards.

(c) and (d) No, Sir. The main criteria adopted for setting up an international airport is the traffic potential demand from airlines, availability of adequate quantum of land for expansion/modernisation as well as economical and operational viability of the airport. The existing airport at Bhubneshwar has been developed and upgraded as a model airport to cater to limited international flights. A new terminal building has been commissioned at an estimated cost Rs. 17.78 crores. Work of extending length of the runway from 7440 ft. to 9000 ft. is in progress at an estimated cost of Rs. 12.96 crores.

Fiscal Deficit

*398. SHRI M. VENKAIAH NAIDU: Will the Minister of FINANCE be pleased to state:

(a) the fiscal deficit as on March 31, 1998 in comparison with the last two financial years; and

(b) the steps proposed to be taken by Government to minimise the deficit during the current financial year;

THE MINISTER OF FINANCE (SHRI YASHWANT SINHA): (a) The Fiscal Deficit for the last three years was as under:—

Year	Fiscal Deficit (Rs. in crore)
1995-96	60,243
1996-97	66,733
1997-98 (RE)	86,345

(b) Government would endeavour to control the Fiscal Deficit in the current year 1998-99 at the budgeted level by maximising non-debt receipts and controlling expenditure.

Estimated Amount of Non-Recoverable Loans

*399. SHRIMATI KAMLA SINHA: Will the Minister of FINANCE be pleased to state:

(a) the estimated amount of non-recoverable loans advanced by the nationalised banks in the country at the end of 1997;

(b) the names of banks which account for the highest amount of non-recoverable loans and advances;

(c) the reasons for such defaults;

(d) which authority is responsible for ensuring the implementation, regulation and monitoring of Government policies relating to the banking system; and

(e) what, according to the critical analysis, if any made by Government are the deficiencies in the banking system resulting in huge non-recoverable loans and advances and the measures contemplated by Government to plug the loopholes?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI R. JANARTHANAM): (a) and (d) Advances of banks can be categorised as performing assets or non performing assets. The amount of Non-performing assets of the nationalised banks as on 31.3.1997 was Rs. 29,209.27 Crores. Bankwise details NPAs are given in the enclosed statement (see below)

(c) and (e) The general reasons for incidence of NPAs *inter-alia* include, *internal factors* like deficient credit appraisal, non-compliance with terms of sanction while disbursing the loan, inadequate or absence of suprevision, Diversion of funds by the borrower in wilful default in repayment, inefficient management of the unit financed etc. and *external factors* like non-viability or sickness of the unit due to change in technology, demand pattern, Government policies andother economic factors, delays in completion of the project due to time and cost overruns and other factors such as non availability of raw materials, labour problems, natural calamities environmental factors like pollution control, ecological damage etc. Govt./RBI have been exhorting banks management to improve recovery of loans and reduce the level of NPAs. In this direction Reserve Bank of India have already advised banks.

1. To have documents on Loan Policy and Loan Recovery Policy prepared and vetted by their Board of Directors.

2. Recovery Cell has also been set up by each bank at headquarter under the charge of General Manager. Branch wise targets for recoveries are fixed. Recoveries are reviewed by Chairman & Managing Director on monthly basis and by the Board of Directors on quarterly basis.

3. Reduction of NPAs through compromise/write offs, through negotiated settlements to ensure maximum recovery at mininum expense on teh basis of a transparent and well laid out policy.

4. Some banks have been permitted to set up independent Settlement Advisory Committees headed by a retired judge of the high court to scrutinise and recommend compromise proposals.

5. Board of Directors review top 100 accounts of each category of NPAs and review the sytem of fixing staff accountability prevalent in the bank.

(d) RBI is the supervisory and regulatory authority of scheduled commercial banks including public sector banks

Statement

Gross NPAs of Nationalised Banks

Name of the Bank	1996-97 Gross NPA	1996-97 %age of NPAs to total advances
Allahabad Bank	1302.89	23.93
Andhra Bank	365.68	11.81
Bank of Baroda	3116.00	17.15
Bank of India	2275.00	11.78
Bank of Maharasthra	749.43	20.67
Canara Bank	3323.72	20.26
Central Bank of India	2520.00	25.00
Corporation Bank	316.78	9.92
Dena Bank	674.21	15.10
Indian Bank	3303.00	39.12
Indian Oversease Bank	1317.00	15.80
Oriental Bank of Commerce	367.56	7.36
Punjab & Sind Bank	1089.70	30.71
Punjab National Bank	2426.14	16.31
Syndicate Bank	1291.78	19.32
UCO Bank	1872.62	28.35
Union Bank of India	987.80	10.38
United Bank of India	1398.00	36.20
Vijaya Bank	511.96	18.73
TOTAL	29209.27	19.05

Allowing Transactions in Drivatives in Sharemarket

*400. SHRI ASHOK MITRA: Will the Minister of FINANCE be pleased to state:

(a) the consideration which have led Government to allow transactions in so-called derivatives in the share market;

(b) whether in reaching its decision Government has kept in mind the experience in other countries, especially in Singapore, a few years ago; and

(c) the supervisory arrangements Government proposes to introduce to ensure that no misuse of these transactions does take place?

THE MINISTER OF FINANCE (SHR YASHWANT SINHA): (A) Derivatives is a mechanism for facilitating risk management for investors in the securities market.

(b) and (c) SEBI had appointed a Committee under the Chairmanship of Dr. L.C. Gupta to look into various aspects including an appropriate regulatory framework and the necessary safeguards required for the introduction of derivatives trading in India. Derivatives trading would take place under the provisions of the Securities Contracts (Regulation) Act, 1956 and the Securities and Exchange Board of India Act, 1992. The derivatives exchange would function under the overall supervision of SEBI. A number of regulatory requirements have been prescribed by SEBI to ensure the safety and integrity of the market.